



# **CURRENCY**

## **Committee on Financial Services**

**Michael G. Oxley, Chairman**

**For Immediate Release:**

**Contact: Peggy Peterson at 226-0471**

**Tuesday, November 6, 2001**

## **Kelly Subcommittee to Check Progress on Closing Identity Theft Loophole**

Continuing her efforts to prevent identity theft by terrorists and con artists, House Financial Services Oversight and Investigations Subcommittee Chairwoman Sue Kelly will hold a hearing to follow up on a government loophole that makes deceased individuals' identities easier to steal. The hearing will be held jointly with the Ways and Means Subcommittee on Social Security at 10 a.m. Nov. 8 in room 2128 of the Rayburn Building.

"Through an investigation by our Committee, we have discovered unnecessary delays in the system by which deaths are reported and Social Security numbers deactivated. Because of these delays, criminals have found a window of opportunity to steal from the deceased's accounts, causing already grieving families even more pain," Subcommittee Chairwoman Kelly said. "We must ensure that changes are made to the system of reporting deaths so that families are not made victims at a time they are most vulnerable."

In October, Kelly and House Financial Services Committee Chairman Michael G. Oxley (OH) revealed the loophole and asked the Social Security Administration (SSA) to take quick action to close it. The lawmakers wrote to the acting commissioner of the Social Security Administration on Oct. 3, calling for modernization of the distribution of death information to the financial services industry. U.S. Rep. Marge Roukema (NJ) joined Oxley and Kelly on the letter.

"Current government practices make crime easier for terrorists and con artists who are the white collar equivalent of grave robbers," Oxley said. "It's time for the government to make life tough for them by immediately notifying the financial industry of death information."

The Financial Services Committee's investigation revealed a lapse in SSA practices that leaves the identities of deceased individuals vulnerable to theft---the four to six weeks it takes to notify financial institutions and credit bureaus of a death. The members sought the immediate and permanent deactivation of Social Security numbers belonging to deceased individuals.

At the hearing Thursday, members will also question industry witnesses about the efficiency of the system within financial institutions.

Recent criminal investigations show problems with the deactivation of Social Security numbers.

A man held on suspicion of involvement in the Sept. 11 hijacking attacks illegally used the Social Security number of a New Jersey woman who died in 1991. In a separate case involving the recently deceased, one Ohio victim had been dead for 10 days when two felons assumed his identity and stole \$300,000 from his life savings to buy jewelry for resale on the black market.

These crimes would have been more difficult to commit if information were shared quickly by electronic technology.

Each month, the SSA ships a cartridge of death information to another federal agency, which recopies and ships it to subscribers like credit bureaus, credit card issuers, and other financial institutions. The process takes well over a month. In the meantime, Social Security numbers and accounts remain active, and identities are up for grabs by clever thieves. Because of the time gap, criminals can deplete lifelong savings before the theft is detected by family members or financial institutions.

Witnesses who will present testimony to the two Subcommittees are:

#### **Panel I**

- Phillip J. Bond, Under Secretary for Technology, U.S. Department of Commerce
- James G. Huse Jr., Inspector General, Social Security Administration
- Fritz Streckewald, Acting Assistant Deputy Commissioner for Disability and Income Security Programs, Social Security Administration
- Barbara Bovbjerg, Director, Education, Workforce & Income Security, General Accounting Office
- Richard Hillman, Director, Financial Markets and Community Investment, General Accounting Office

#### **Panel II**

- Stuart Pratt, Vice President for Government Relations, Associated Credit Bureaus
- Tom Lehner, Executive Vice President for Government Affairs, American Financial Services Association

- Thomas Sadaka, Special Counsel, Office of Statewide Prosecution, Orlando, Florida
- John C. Dugan, Partner, Covington & Burling on behalf of the Financial Services Coordinating Council
- Marc Rotenberg, Executive Director, Electronic Privacy Information Center
- Evan Hendricks, Editor and Publisher, Privacy Times

###